

REVISED 4TH QUARTER 2008 QUARTERLY REPORT INSERT and EXPLANATION OF CORRECTION:

We have a correction for the 4th quarter insert (which follows on the next 2 pages) and would like to apologize for any confusion this may have caused employers:

The insert includes a reminder to update UI tax rates on your payroll software.

As originally produced:

If you use tax accounting software (such as QuickBooks) to prepare your UI quarterly reports, be sure to **update both your contribution and AFT rates** as shown on your 2009 rate notice to assure accuracy in calculating your UI payment. To avoid problems, please wait until after you have completed the fourth quarter 2008 report to update your software for the new rates **and** the 2009 taxable wage base.

Correction:

The insert should not have used the word **"report"** in the last sentence as the 4th quarter report is not due until January 31, 2009. Instead it should have said:

"To avoid problems, please wait until after you have completed the fourth quarter 2008 payroll to update your software for the new rates **and** the 2009 taxable wage base."

Explanation:

In the past, we have heard from employers who installed their Quickbooks payroll update before year-end and found that the software used the taxable wage base from the update instead of the wage base for the current year on paychecks written after they installed the update. This caused errors in excess calculation for some of their employees' year-end payroll and the payroll liability balances.

What should be done (in Quickbooks) if payroll checks for 2009 were already written, but not updated for the 2009 rate?

Go to: Lists, Payroll Item List, select "Montana Unemployment Company" and Edit the item. Adjust each quarterly rate to the correct rate. Do the same for the Administrative Fund Tax—though for most employers, this is unchanged from 2008.

If you enter the 2009 rate after issuing payroll checks for 2009, Quickbooks will give you a message that it will correct the accrual on subsequent checks. If you manually adjust the accrued taxes so that the payroll liability balance is correct when you change the rate, some versions of the software will still make the adjustment later as new paychecks are issued, and therefore, future payroll liability balances will be wrong.

Therefore, before mailing your 1st quarter 2009 UI payroll report, we recommend you manually double-check the tax calculation to confirm Quickbooks has made the adjustments. If your manual calculation, the report, and the payroll liability account match, then no adjustment is necessary. If not, then make any adjustment to the payroll liability account at the time you pay the tax.

If you have questions, please contact us at 444-3834.



*The employees of the
Unemployment Insurance Division
wish you Happy Holidays!*

2009 Contribution Rate Notices

UI contribution rate notices for experience rated employers were mailed the week of December 8, 2008. If you did not receive your 2009 rate notice, please contact our office for a copy. Employers who disagree with their rate assignment must request a rate re-determination by January 9, 2009.

(Governmental entities rate notices are mailed in May and are in effect from July 1st through June 30th.)

If you use tax accounting software (such as QuickBooks) to prepare your UI quarterly reports, be sure to **update both your contribution and AFT rates** as shown on your 2009 rate notice to assure accuracy in calculating your UI payment. To avoid problems, please wait until after you have completed the fourth quarter 2008 payroll to update your software for the new rates **and** the 2009 taxable wage base.

Penalty Rates: If you received a penalty rate because you have a UI debt or have not filed all UI reports, it is in your best interest to resolve the delinquency. A penalty rate is 1 ½ times higher than the rate you could be assigned and you pay at the penalty rate for all of 2009. Paying your balance due or filing delinquent report(s) may result in substantial savings in 2009. You must pay all money due and file all reports by January 9, 2009 to avoid a penalty rate. If you have questions about your rate or delinquent reports, please call our office at 406-444-3834 or call your local Field Representative (their names and numbers are listed on the back of this page.)

2009 Taxable Wage Base

The taxable wage base for experience rated employers for calendar year 2009 is \$25,100. The taxable wage base is 80% of the 2007 average annual wage in Montana.

Amending Quarterly Reports

If you made an error on a previously submitted report, you must file an amended report. Please follow these simple steps to correct the mistake:

- Copy the report to be amended
- Check the "amended report" box in Step 1
- Make corrections using red ink. (This helps identify what was originally reported and what should be corrected.)
- Attach a note explaining why the corrections are needed.
- If the changes result in taxes due, please include payment.

If you make an adjustment on line # 7 of your current quarterly report, please attach the amended report to the current report.

UI Claims Filing: Please tell terminated employees to file their Unemployment claim online at: UI4U.mt.gov or to call the claims processing centers at 406-444-2545 (Helena) or 406-247-1000 (Billings). Due to the heavy workload, the claim processing centers' phone lines are very busy, so it is usually quicker to file for benefits online.

WOW (Electronic) Filers

If you file UI reports & make payments online using WOW, please do not send us the UI-5E (payment transmittal form). WOW filers who pay by check may print the UI-5E from WOW. If you wish to discontinue receiving the UI-5E form by mail, notify us by sending an e-mail to WOW@mt.gov.

Reporting Corporate Officer or LLC Member Compensation

Corporate officers/shareholders or LLC members (if the LLC files income taxes as a corporation, the members are subject to UI) who provide services to their company and receive remuneration from their company, should be reported for reasonable compensation.

Remuneration received by the officer/shareholder or LLC member can include the following:

1. Reported wages as defined in 39-51-201 (23) (a), MCA;
2. Loans to the officer/shareholder unless the loan is to be repaid under a written schedule;
3. Distributions and draws, even though designated as profits or dividends;
4. Third party sick pay if the employer paid the insurance premium; and
5. Cash value of remuneration paid in any medium other than cash such as groceries, utilities, and the personal use of a company car.

To determine reasonable compensation for the officer/shareholder or LLC member, the following factors may be used:

1. The officer's qualifications and role in the company, including hours worked, position in the company, duties performed, size of the company and the general economic conditions of the area.
2. Comparison of compensation paid by similar companies for comparable services. The best resource is the State Occupational Employment and Wage Estimates located at www.ourfactsyourfuture.org.
3. Review of the company's wage policy for all the company's employees.

Questions about reasonable compensation can be answered by calling a Field Representative at the following numbers:

Billings:	Lisa Barton	247-1009	Helena:	Rick Eldredge	444-1903
	Mary Bernhardt	247-1007			
	Danelle Fogarty	247-1056			
Bozeman:	Richard Gobbs	585-2779	Kalispell:	Joseph Reiner	758-5900
	Brandy McManus	582-7873			
Great Falls:	Amy Everaert	771-6523	Missoula:	Lisa Hamer	329-1438
				Scott Moothart	329-1420
				Chris Wheeler	329-1415

